

OCT-24-2005 12:57

Navistar International Corporation
UAW Profit Sharing Calculation
For the Year Ended October 31, 2004
(\$000)

COPY REFERENCED
IN RESPONSE NO. 3

	2004	Pre-Tax Pre-P/S Income	After-Tax Net Income	Memorandum of Understanding Reference
Profit Sharing Entities:				
International Truck and Engine Corporation (ITEC)	\$ (37,443)	Yes		B.1.(a)
Export Company	12,956	Yes		B.1.(a)
Overseas Company	(1,331)	Yes		B.1.(a)
IC Corporation (Conway, Arkansas)	26,509	Yes		B.1.(a) (4)
Indianapolis Casting Corporation	(28,873)	Yes		B.1.(a)
Income from Newstream	(797)	No		B.1.(a) (5)
Pre-tax loss of ITEC continuing U.S. operations before provision for profit sharing and bonuses	\$ (28,979) A			
Net Income: Navistar Financial Corporation (NFC)	61,179 B		Yes	B.1.(b)
Navistar International Corporation (NIC, Holding Company)	26,175 C	Yes		B.1.(c)
Net Income	\$ 58,375 D			
Medicare Act	(32,071) E	No		
(Gain) / Loss on disposal of assets	49 F	No		B.1.(a) (3)
Profits eligible for profit sharing	\$ 26,353 G			
Non-Profit Sharing Entities:				
1 NLP, Inc.	\$ 7,435	No		B.1.(a) (4)
2 Canada	17,335	No		B.1.(a)
3 Mexico	54,003	No		B.1.(a)
4 Brazil	88	No		B.1.(a)
5 Brazil (ICB/IESA)	6,422	No		B.1.(a)
6 Maxion Brazil (IESA)	5,108	No		B.1.(a)
7 Navistar Advanced Technology (NAT)	1,512	No		B.1.(a) (4)
8 SST Truck Company	57,774	No		B.1.(a) (4)
9 Navistar Aftermarket Products (NAP)	(546)	No		B.1.(a) (4)
10 International Diesel of Alabama (Huntsville)	51,668	No		B.1.(a) (4)
11 IC Corporation (Tulsa, Oklahoma)	43,940	No		B.1.(a) (4)
12 Harbour Assurance	2,360	No		B.1.(a)
13 Navistar Acceptance Corporation	(6)	No		B.1.(a)
14 Arrendadora Financiara Navistar (AFN)	4,518	No		B.1.(a)
15 Servicios Financieros Navistar (SFN)	10,579	No		B.1.(a)
16 Navistar Comercial, S.A. de C.V.	117	No		B.1.(a)
Total non-profit sharing entities	\$ 262,307			
Adjustments to get back to pre-tax income:				
Income from Newstream	797			
NFC add-back to get to pre-tax income	41,169			
Medicare Act	32,071			
(Gain) / Loss on disposal of assets	(49)			
Non-consolidated income	4,104			
Profit sharing and bonus payments	(56,000)			
Total adjustments	\$ 22,092			
Pre-tax income before income tax	\$ 310,752			
Income Tax Expense	(64,354)			
Net Income	\$ 246,398			

Reconciliation to audited financial statements:	
Income (loss) from continuing operations before income taxes	\$ 311
Income tax expense (benefit)	64
Income (loss) from continuing operations before income taxes	\$ 247

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CONFIDENTIAL

NAVISTAR, INC.

(Formerly known as International Truck and Engine Corporation)

Schedule of Calculation of Qualifying Profits under the terms of the Supplemental
Benefit Trust Profit Sharing Plan under the Navistar, Inc. Retiree Supplemental Benefit
Program

Year Ended October 31, 2004 (Restated)

(With Independent Auditors' Report Thereon)



CONFIDENTIAL

KPMG LLP
303 East Wacker Drive
Chicago, IL 60601-5212

Independent Auditors' Report

The Board of Directors
Navistar, Inc.:

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of Navistar International Corporation (the Corporation) as of and for the year ended October 31, 2004, and have issued our report thereon dated December 7, 2007. We have also audited the accompanying Schedule of Calculation of Qualifying Profits (the Schedule) under the terms of the Supplemental Benefit Trust Profit Sharing Plan (the Plan) under the Navistar, Inc. Retiree Supplemental Benefit Program for the year ended October 31, 2004. The Schedule is the responsibility of the management of Navistar, Inc. (formerly known as International Truck and Engine Corporation), a wholly-owned subsidiary of the Corporation (the Company). Our responsibility is to express an opinion on the Schedule based on our audit.

We conducted our audit of the Schedule in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

We have been informed that the document that governs the determination of Qualifying Profits is the Plan under the Navistar, Inc. Retiree Supplemental Benefit Program, which forms part of the Amended and Restated Shy Settlement Agreement dated June 30, 1993 (the Agreement). Management of the Company has interpreted the Agreement in a manner that excludes the Medicare Part D subsidy from the determination of Qualifying Profits.

As described in Note 2 to the accompanying Schedule, the Company has restated the Schedule for the year ended October 31, 2004.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the calculation of Qualifying Profits for the year ended October 31, 2004, in accordance with the provisions of the Plan referred to above.



CONFIDENTIAL

This report is intended solely for the information and use of the board of directors and management of Navistar, Inc. and persons subject to the Agreement and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Chicago, Illinois
May 28, 2009

CONFIDENTIAL**NAVISTAR, INC.**

(Formerly known as International Truck and Engine Corporation)

Schedule of Calculation of Qualifying Profits under the terms of the Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc. Retiree Supplemental Benefit Program

Year ended October 31, 2004 (Restated)

(Dollars in thousands)

Pre-tax income (loss) of continuing Covered Operations, and net income (loss) of businesses acquired after the Effective Date by a Covered Operation, before provision for profit sharing and bonuses of Navistar, Inc., as defined by the Supplemental Benefit Trust Profit Sharing Plan (note 1)	\$ (196,959)
Net income of Navistar Financial Corporation and its subsidiaries	74,501
Exclude Medicare Part D subsidy	(42,919)
Exclude loss on sale of property and investments	1,753
Qualifying profits for the year ended October 31, 2004	<u>\$ (163,624)</u>

See accompanying independent auditors' report.

See notes to the Schedule.

CONFIDENTIAL**NAVISTAR, INC.**

(Formerly known as International Truck and Engine Corporation)

Notes to the Schedule of Calculation of Qualifying Profits under the terms of the Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc. Retiree Supplemental Benefit Program**Year Ended October 31, 2004 (Restated)**

- (1) The Supplemental Benefit Trust Profit Sharing Plan forms part of the Navistar, Inc. Retiree Supplemental Benefit Program, which forms part of the Amended and Restated Shy Settlement Agreement dated June 30, 1993.
- (2) On April 6, 2006, the management of Navistar International Corporation (NIC), with the concurrence of the audit committee of the Board of Directors, concluded that NIC's previously issued consolidated financial statements for the years ended October 31, 2002 through 2004, and all previously issued quarterly consolidated financial statements for periods after October 31, 2004, should be restated. Consistent with Note 2 to NIC's consolidated financial statements as of and for the year ended October 31, 2004, as restated, one effect of that restatement was to reduce consolidated income before income tax by \$346 million. As a result, the Schedule must also be restated.

The following table sets forth the effects of the restatement adjustments on the Schedule for the year ended October 31, 2004. Each of the restatement categories listed in the table is comprised of a number of related adjustments that have been aggregated for disclosure purposes:

	<u>As previously reported</u>	<u>Consolidated restatement adjustments</u>	<u>Other adjustments</u>	<u>As restated</u>
		(Dollars in thousands)		
Pre-tax income (loss) of continuing Covered Operations, and net income (loss) of businesses acquired after the Effective Date by a Covered Operation, before provision for profit sharing and bonuses of Navistar, Inc., as defined by the Supplemental Benefit Trust Profit Sharing Plan*	\$ 84,573	\$ (306,727)	\$ 25,195	\$ (196,959)
Net income of Navistar Financial Corporation and its subsidiaries	61,179	13,322	—	74,501
Exclude Medicare Part D subsidy	(32,071)	(10,848)	—	(42,919)
Exclude loss on sale of property and investments	49	1,704	—	1,753
Qualifying profits for the year ended October 31, 2004	\$ 113,730	\$ (302,549)	\$ 25,195	\$ (163,624)

* Includes Holding Company pre-tax income, per Plan definition of "Covered Operations"

A description of the significant components of our restatement adjustments and their impact on line items in the Schedule follows. The errors described within each restatement category represent the most significant items impacting the restatement of the Schedule.

CONFIDENTIAL

NAVISTAR, INC.

(Formerly known as International Truck and Engine Corporation)

Notes to the Schedule of Calculation of Qualifying Profits under the terms of the Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc. Retiree Supplemental Benefit Program

Year Ended October 31, 2004 (Restated)

Consolidated restatement adjustments

These errors were identified as a result of the restatement of NIC's consolidated financial statements, as of and for the year ended October 31, 2004. Additional details related to these errors can be found in Note 2 to those consolidated financial statements.

Other Adjustments

Our previously reported Pre-tax income (loss) of Covered Operations, and net income (loss) of businesses acquired after the Effective Date by a Covered Operation, before provision for profit sharing and bonuses of Navistar, Inc., as defined by the Supplemental Benefit Trust Profit Sharing Plan contained the following errors:

- We utilized an inappropriate tax rate in calculating the net income to be included for IC Corporation and International Diesel of Alabama, LLC. The primary impact on the Schedule to correct these errors is an increase to income of Covered Operations of \$13,768,000 for the year ended October 31, 2004.
- We excluded the net income for certain U.S. DealCor entities. The primary impact on the Schedule to correct this error is an increase to income of Covered Operations of \$11,626,000.
- Excluding the Medicare Part D subsidy, all other adjustments decreased income of Covered Operations by \$199,000.



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Retiree Supplemental Benefit Program

Year ended October 31, 2005

(With Independent Auditors' Report Thereon)



KPMG LLP
303 East Wacker Drive
Chicago, IL 60601-5212

CONFIDENTIAL

Independent Auditors' Report

The Board of Directors
Navistar, Inc.:

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of Navistar International Corporation (the Corporation) as of and for the year ended October 31, 2005, and have issued our report thereon dated December 7, 2007. We have also audited the accompanying Schedule of Calculation of Qualifying Profits (the Schedule) under the terms of the Supplemental Benefit Trust Profit Sharing Plan (the Plan) under the Navistar, Inc. Retiree Supplemental Benefit Program for the year ended October 31, 2005. The Schedule is the responsibility of the management of Navistar, Inc. (formally known as International Truck and Engine Corporation), a wholly owned subsidiary of the Corporation (the Company). Our responsibility is to express an opinion on the Schedule based on our audit.

We conducted our audit of the Schedule in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

We have been informed that the document that governs the determination of Qualifying Profits is the Plan under the Navistar, Inc. Retiree Supplemental Benefit Program, which forms part of the Amended and Restated Shy Settlement Agreement dated June 30, 1993 (the Agreement). Management of the Company has interpreted the Agreement in a manner that excludes the Medicare Part D subsidy from the determination of Qualifying Profits.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the calculation of Qualifying Profits for the year ended October 31, 2005, in accordance with the provisions of the Plan referred to above.

This report is intended solely for the information and use of the board of directors and management of Navistar, Inc. and persons subject to the Agreement and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Chicago, Illinois
May 28, 2009

CONFIDENTIAL**NAVISTAR, INC.**

(Formerly known as International Truck and Engine Corporation)

Schedule of Calculation of Qualifying Profits under the terms of the Supplemental
Benefit Trust Profit Sharing Plan under the Navistar, Inc. Retiree Supplemental Benefit Program

Year ended October 31, 2005

(Dollars in thousands)

Pre-tax income (loss) of continuing Covered Operations, and net income (loss) of businesses acquired after the Effective Date by a Covered Operation, before provision for profit sharing and bonuses of Navistar, Inc., as defined by the Supplemental Benefit Trust Profit Sharing Plan (note 1)	\$ (207,380)
Net income of Navistar Financial Corporation and its subsidiaries	79,176
Exclude Medicare Part D subsidy	(45,709)
Exclude loss on sale of property and investments	<u>1,720</u>
Qualifying profits for the year ended October 31, 2005	<u>\$ (172,193)</u>

See accompanying independent auditors' report.

See note to the Schedule.

CONFIDENTIAL

NAVISTAR, INC.

(Formerly known as International Truck and Engine Corporation)

Note to the Schedule of Calculation of Qualifying Profits under the terms of the Supplemental
Benefit Trust Profit Sharing Plan under the Navistar, Inc. Retiree Supplemental Benefit Program

Year ended October 31, 2005

- (1) The Supplemental Benefit Trust Profit Sharing Plan forms part of the Navistar, Inc. Retiree Supplemental Benefit Program, which forms part of the Amended and Restated Shy Settlement Agreement dated June 30, 1993.



CONFIDENTIAL

NAVISTAR, INC.

(Formerly known as International Truck and Engine Corporation)

Schedule of Calculation of Qualifying Profits under the terms of the
Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc.
Retiree Supplemental Benefit Program

Year ended October 31, 2006

(With Independent Auditors' Report Thereon)



CONFIDENTIAL

KPMG LLP
303 East Wacker Drive
Chicago, IL 60601-5212

Independent Auditors' Report

The Board of Directors
Navistar, Inc.:

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of Navistar International Corporation (the Corporation) as of and for the year ended October 31, 2006, and have issued our report thereon dated March 5, 2008. We have also audited the accompanying Schedule of Calculation of Qualifying Profits (the Schedule) under the terms of the Supplemental Benefit Trust Profit Sharing Plan (the Plan) under the Navistar, Inc. Retiree Supplemental Benefit Program for the year ended October 31, 2006. The Schedule is the responsibility of the management of Navistar, Inc. (formerly known as International Truck and Engine Corporation), a wholly-owned subsidiary of the Corporation (the Company). Our responsibility is to express an opinion on the Schedule based on our audit.

We conducted our audit of the Schedule in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

We have been informed that the document that governs the determination of Qualifying Profits is the Plan under the Navistar, Inc. Retiree Supplemental Benefit Program, which forms part of the Amended and Restated Shy Settlement Agreement dated June 30, 1993 (the Agreement). Management of the Company has interpreted the Agreement in a manner that excludes the Medicare Part D subsidy from the determination of Qualifying Profits.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the calculation of Qualifying Profits for the year ended October 31, 2006, in accordance with the provisions of the Plan referred to above.

This report is intended solely for the information and use of the board of directors and management of Navistar, Inc. and persons subject to the Agreement and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Chicago, Illinois
May 28, 2009

CONFIDENTIAL**NAVISTAR, INC.**

(Formerly known as International Truck and Engine Corporation)

Schedule of Calculation of Qualifying Profits under the terms of the Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc. Retiree Supplemental Benefit Program

Year ended October 31, 2006

(Dollars in thousands)

Pre-tax income (loss) of continuing Covered Operations, and net income (loss) of businesses acquired after the Effective Date by a Covered Operation, before provision for profit sharing and bonuses of Navistar, Inc., as defined by the Supplemental Benefit Trust Profit Sharing Plan (note 1)	\$ (75,084)
Net income of Navistar Financial Corporation and its subsidiaries	80,266
Exclude Medicare Part D subsidy	(45,159)
Exclude loss on sale of property and investments	5,809
Qualifying profits for the year ended October 31, 2006	<u>\$ (34,168)</u>

See accompanying independent auditors' report.

See note to the schedule.

CONFIDENTIAL

NAVISTAR, INC.

(Formerly known as International Truck and Engine Corporation)

Note to the Schedule of Calculation of Qualifying Profits under the terms of the Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc. Retiree Supplemental Benefit Program

Year ended October 31, 2006

1. The Supplemental Benefit Trust Profit Sharing Plan forms part of the Navistar, Inc. Retiree Supplemental Benefit Program, which forms part of the Amended and Restated Shy Settlement Agreement dated June 30, 1993.



Navistar, Inc.
4201 Winfield Road
Warrenville, IL 60555 USA

P : 630-753-5000
W : navistar.com

John V. Mulvaney, Sr.
VP, Finance Special Projects

Ms. Janis Bair
Executive Director
26301 Curtiss-Wright Parkway
Suite 105
Richmond Hts., OH 44143

April 7, 2010

Dear Ms. Bair:

I have enclosed the Schedule of Calculation of Qualifying Profits under the terms of the Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc. Retiree Supplemental Benefit Program for fiscal years 2007, 2008, and 2009, with independent auditors' report thereon. Please note that during fiscal 2008 the company's name was changed from International Truck and Engine Corporation to Navistar, Inc. as indicated on the reports for 2007 and 2008.

As indicated by the reports the level of Qualifying Profits in each of 2007, 2008 and 2009 was insufficient to generate a payment to the Trust. Additionally, I would remind the committee that prior to the restatement of the company's results for fiscal 2004 a payment of \$1,409,000 was made to the Trust in February 2005 for the 2004 plan year that would not have been made if the restated 2004 results had been known. The Company intends to fully recoup such overpayment in the future at such time Qualifying Profits warrant a payment by offsetting the 2004 overpayment against any future payments until the 2004 overpayment is fully recovered.

If you have any questions relating to the any of the reports for 2007, 2008, and 2009, please contact me at Navistar, Inc., 4201 Winfield Road, P.O. Box 1488, Warrenville, IL 60555 (630) 753- 3496; please provide a copy of any correspondence to Mr. Hennigan.

Very truly yours,

A handwritten signature in dark ink, appearing to read "John V. Mulvaney, Sr.", with a stylized flourish at the end.

John V. Mulvaney, Sr.
Vice President, Finance Special Projects

Cc: Navistar, Inc.:

Jeffrey Dash, Thomas Hennigan, R. Barry Morris, Shayne Gibbons, and Sima Patel
David Radelet, Franczek Radelet P.C.
Mr. Bob Mikulan, UAW (w/encls.)



NAVISTAR, INC.

(Formerly known as International Truck and Engine Corporation)

**Schedule of Calculation of Qualifying Profits under the terms of the
Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc.
Retiree Supplemental Benefit Program**

Year ended October 31, 2007

(With Independent Auditors' Report Thereon)



KPMG LLP
303 East Wacker Drive
Chicago, IL 60601-5212

Independent Auditors' Report

The Board of Directors
Navistar, Inc.:

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of Navistar International Corporation (the Corporation) as of and for the year ended October 31, 2007, and have issued our report thereon dated May 29, 2008. We have also audited the accompanying Schedule of Calculation of Qualifying Profits (the Schedule) under the terms of the Supplemental Benefit Trust Profit Sharing Plan (the Plan) under the Navistar, Inc. Retiree Supplemental Benefit Program for the year ended October 31, 2007. The Schedule is the responsibility of the management of Navistar, Inc. (formerly known as International Truck and Engine Corporation), a wholly-owned subsidiary of the Corporation (the Company). Our responsibility is to express an opinion on the Schedule based on our audit.

We conducted our audit of the Schedule in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

We have been informed that the document that governs the determination of Qualifying Profits is the Plan under the Navistar, Inc. Retiree Supplemental Benefit Program, which forms part of the Amended and Restated Shy Settlement Agreement dated June 30, 1993 (the Agreement). Management of the Company has interpreted the Agreement in a manner that excludes the Medicare Part D subsidy from the determination of Qualifying Profits.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the calculation of Qualifying Profits for the year ended October 31, 2007, in accordance with the provisions of the Plan referred to above.

This report is intended solely for the information and use of the board of directors and management of Navistar, Inc. and persons subject to the Agreement and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Chicago, Illinois
March 25, 2010

NAVISTAR, INC.
 (Formerly known as International Truck and Engine Corporation)
**Schedule of Calculation of Qualifying Profits under the terms of the Supplemental Benefit
 Trust Profit Sharing Plan under the Navistar, Inc. Retiree Supplemental Benefit Program**

Year ended October 31, 2007

(Dollars in thousands)

Pre-tax income (loss) of continuing Covered Operations, and net income (loss) of businesses acquired after the Effective Date by a Covered Operation, before provision for profit sharing and bonuses of Navistar, Inc., as defined by the Supplemental Benefit Trust Profit Sharing Plan (note 1)	\$ (543,539)
Net income (losses) of Navistar Financial Corporation and its subsidiaries	67,300
Exclude Medicare Part D subsidy	(40,938)
Exclude loss on sale of property and investments	3,623
Qualifying profits for the year ended October 31, 2007	<u>\$ (513,554)</u>

See accompanying independent auditors' report.

See note to the schedule.

NAVISTAR, INC.

(Formerly known as International Truck and Engine Corporation)

Note to the Schedule of Calculation of Qualifying Profits under the terms of the Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc. Retiree Supplemental Benefit Program

Year ended October 31, 2007

1. The Supplemental Benefit Trust Profit Sharing Plan forms part of the Navistar, Inc. Retiree Supplemental Benefit Program, which forms part of the Amended and Restated Shy Settlement Agreement dated June 30, 1993.



NAVISTAR, INC.

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Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc.
Retiree Supplemental Benefit Program**

Year ended October 31, 2008

(With Independent Auditors' Report Thereon)



KPMG LLP
303 East Wacker Drive
Chicago, IL 60601-5212

Independent Auditors' Report

The Board of Directors
Navistar, Inc.:

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of Navistar International Corporation (the Corporation) as of and for the year ended October 31, 2008, and have issued our report thereon dated December 30, 2008. We have also audited the accompanying Schedule of Calculation of Qualifying Profits (the Schedule) under the terms of the Supplemental Benefit Trust Profit Sharing Plan (the Plan) under the Navistar, Inc. Retiree Supplemental Benefit Program for the year ended October 31, 2008. The Schedule is the responsibility of the management of Navistar, Inc. (formerly known as International Truck and Engine Corporation), a wholly owned subsidiary of the Corporation (the Company). Our responsibility is to express an opinion on the Schedule based on our audit.

We conducted our audit of the Schedule in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

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In our opinion, the Schedule referred to above presents fairly, in all material respects, the calculation of Qualifying Profits for the year ended October 31, 2008, in accordance with the provisions of the Plan referred to above.

This report is intended solely for the information and use of the board of directors and management of Navistar, Inc. and persons subject to the Agreement and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Chicago, Illinois
March 25, 2010

NAVISTAR, INC.

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Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc.
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Year ended October 31, 2008

(Dollars in thousands)

Pre-tax income (loss) of continuing Covered Operations, and net income (loss) of businesses acquired after the Effective Date by a Covered Operation, before provision for profit sharing and bonuses of Navistar, Inc., as defined by the Supplemental Benefit Trust Profit Sharing Plan (note 1)	\$ (151,495)
Net income (losses) of Navistar Financial Corporation and its subsidiaries	(30,700)
Exclude Medicare Part D subsidy	(37,930)
Exclude loss on sale of property and investments	4,371
Qualifying profits for the year ended October 31, 2008	<u>\$ (215,754)</u>

See accompanying independent auditors' report.
See note to the schedule.

NAVISTAR, INC.

(Formerly Known as International Truck and Engine Corporation)

Note to Schedule of Calculation of Qualifying Profits under the terms of the
Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc.
Retiree Supplemental Benefit Program

Year ended October 31, 2008

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NAVISTAR, INC.

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Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc.
Retiree Supplemental Benefit Program**

Year ended October 31, 2009

(With Independent Auditors' Report Thereon)



KPMG LLP
303 East Wacker Drive
Chicago, IL 60601-5212

Independent Auditors' Report

The Board of Directors
Navistar, Inc.:

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of Navistar International Corporation (the Corporation) as of and for the year ended October 31, 2009, and have issued our report thereon dated December 21, 2009. We have also audited the accompanying Schedule of Calculation of Qualifying Profits (the Schedule) under the terms of the Supplemental Benefit Trust Profit Sharing Plan (the Plan) under the Navistar, Inc. Retiree Supplemental Benefit Program for the year ended October 31, 2009. The Schedule is the responsibility of the management of Navistar, Inc., a wholly owned subsidiary of the Corporation (the Company). Our responsibility is to express an opinion on the Schedule based on our audit.

We conducted our audit of the Schedule in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

We have been informed that the document that governs the determination of Qualifying Profits is the Plan under the Navistar, Inc. Retiree Supplemental Benefit Program, which forms part of the Amended and Restated Shy Settlement Agreement dated June 30, 1993 (the Agreement). Management of the Company has interpreted the Agreement in a manner that excludes the Medicare Part D subsidy from the determination of Qualifying Profits.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the calculation of Qualifying Profits for the year ended October 31, 2009, in accordance with the provisions of the Plan referred to above.

This report is intended solely for the information and use of the board of directors and management of Navistar, Inc. and persons subject to the Agreement and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Chicago, Illinois
March 25, 2010

NAVISTAR, INC.**Schedule of Calculation of Qualifying Profits under the terms of the Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc. Retiree Supplemental Benefit Program****Year ended October 31, 2009****(Dollars in thousands)**

Pre-tax income (loss) of continuing Covered Operations, and net income (loss) of businesses acquired after the Effective Date by a Covered Operation, before provision for profit sharing and bonuses of Navistar, Inc., as defined by the Supplemental Benefit Trust Profit Sharing Plan (note 1)	\$ (22,496)
Net income of Navistar Financial Corporation and its subsidiaries	28,754
Exclude Medicare Part D subsidy	(31,154)
Exclude gain on sale of property and investments	(2,265)
Qualifying profits for the year ended October 31, 2009	<u>\$ (27,161)</u>

See accompanying independent auditors' report.
See note to the schedule.

NAVISTAR, INC.

**Note to the Schedule of Calculation of Qualifying Profits under the terms of the Supplemental Benefit
Trust Profit Sharing Plan under the Navistar, Inc. Retiree Supplemental Benefit Program**

Year ended October 31, 2009

1. The Supplemental Benefit Trust Profit Sharing Plan forms part of the Navistar, Inc. Retiree Supplemental Benefit Program, which forms part of the Amended and Restated Shy Settlement Agreement dated June 30, 1993.



NAVISTAR, INC.

Schedule of Calculation of Qualifying Profits under the terms of the
Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc.
Retiree Supplemental Benefit Program

Year ended October 31, 2010

(With Independent Auditors' Report Thereon)



KPMG LLP
303 East Wacker Drive
Chicago, IL 60601-5212

Independent Auditors' Report

The Board of Directors
Navistar, Inc.:

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of Navistar International Corporation (the Corporation) as of and for the year ended October 31, 2010, and have issued our report thereon dated December 21, 2010. We have also audited the accompanying Schedule of Calculation of Qualifying Profits (the Schedule) under the terms of the Supplemental Benefit Trust Profit Sharing Plan (the Plan) under the Navistar, Inc. Retiree Supplemental Benefit Program for the year ended October 31, 2010. The Schedule is the responsibility of the management of Navistar, Inc., a wholly owned subsidiary of the Corporation (the Company). Our responsibility is to express an opinion on the Schedule based on our audit.

We conducted our audit of the Schedule in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

We have been informed that the document that governs the determination of Qualifying Profits is the Plan under the Navistar, Inc. Retiree Supplemental Benefit Program, which forms part of the Amended and Restated Shy Settlement Agreement dated June 30, 1993 (the Agreement). Management of the Company has interpreted the Agreement in a manner that excludes the Medicare Part D subsidy from the determination of Qualifying Profits.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the calculation of Qualifying Profits for the year ended October 31, 2010, in accordance with the provisions of the Plan referred to above.

This report is intended solely for the information and use of the board of directors and management of Navistar, Inc. and persons subject to the Agreement and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Chicago, Illinois
March 22, 2011

NAVISTAR, INC.Schedule of Calculation of Qualifying Profits under the terms of the
Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc.
Retiree Supplemental Benefit Program

Year ended October 31, 2010

(Dollars in Thousands)

Pre-tax income (loss) of continuing Covered Operations, and net income (loss) of businesses acquired after the Effective Date by a Covered Operation, before provision for profit sharing and bonuses of Navistar, Inc., as defined by the Supplemental Benefit Trust Profit Sharing Plan (note 1)	\$ (214,070)
Net income of Navistar Financial Corporation and its subsidiaries	68,570
Exclude Medicare Part D subsidy	(17,236)
Exclude net gains on sales of property and investments	(5,292)
Qualifying profits for the year ended October 31, 2010	<u>\$ (168,028)</u>

See accompanying independent auditors' report.

See accompanying Note to Schedule of Calculation of Qualifying Profits under the terms of the Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc. Retiree Supplemental Benefit Program.

NAVISTAR, INC.

Note to Schedule of Calculation of Qualifying Profits under the terms of the
Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc.
Retiree Supplemental Benefit Program

Year ended October 31, 2010

1. The Supplemental Benefit Trust Profit Sharing Plan forms part of the Navistar, Inc. Retiree Supplemental Benefit Program, which forms part of the Amended and Restated Shy Settlement Agreement dated June 30, 1993.



Navistar, Inc.
4201 Winfield Road
Warrenville, IL 60555 USA

P : 630-753-5000
W : navistar.com

John V. Mulvaney, Sr.
VP, Finance Special Projects

Ms. Janis Bair
Executive Director
26301 Curtiss-Wright Parkway
Suite 105
Richmond Hts., OH 44143

April 6, 2011

Dear Ms. Bair:

I have enclosed the Schedule of Calculation of Qualifying Profits under the terms of the Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc. Retiree Supplemental Benefit Program for fiscal year 2010, with independent auditors' report thereon. I have also included a schedule that reconciles the components of the audit report to our published Form 10-K filed with the SEC for fiscal year 2010.

As indicated by the report the level of Qualifying Profits in 2010 was insufficient to generate a payment to the Trust. Additionally, I would remind the committee that prior to the restatement of the company's results for fiscal 2004 a payment of \$1,409,000 was made to the Trust in February 2005 for the 2004 plan year that would not have been made if the restated 2004 results had been known. The Company intends to fully recoup such overpayment in the future at such time Qualifying Profits warrant a payment by offsetting the 2004 overpayment against any future payments until the 2004 overpayment is fully recovered.

If you have any questions relating to the report for 2010, please contact me at Navistar, Inc., 4201 Winfield Road, P.O. Box 1488, Warrenville, IL 60555 (630) 753- 3496; please provide a copy of any correspondence to Mr. Morris.

Very truly yours,

A handwritten signature in dark ink, appearing to read "John V. Mulvaney, Sr.", with a stylized flourish at the end.

John V. Mulvaney, Sr.
Vice President, Finance Special Projects

Cc:

Navistar, Inc.:

Messrs. Troy Clarke, Gary Holdren, Jeffrey Dash, R. Barry Morris, Shayne Gibbons, and Ms. Sima Patel

Mr. David Radelet, Franczek Radelet P.C.

Mr. Cary Perlman, Latham & Watkins, LLP

Mr. Bob Mikulan, UAW

Navistar, Inc.
Supplemental Trust Profit Sharing Calculation
For the Year Ended October 31, 2010
(\$000)

	2010	Pre-Tax Pre-P/S Income	After-Tax Net Income	Memorandum of Understanding Reference
Profit Sharing Entities:				
Navistar, Inc. (Previously ITEC)	\$ (736,082,030)	Yes		5.2.1, 5.2.4
Export Company		Yes		5.2.1
Overseas Company	(1,122,102)	Yes		5.2.1
Indianapolis Casting Corporation	5,683,369	Yes		5.2.1
GVW Workhorse Custom Chassis LLC (UAW)	(23,054,420)	Yes		5.5.1
IC Corporation (Conway, Arkansas)	(11,033,185)	Yes		5.5.1
Pre-Tax Income (Loss) of Navistar, Inc. Continuing U.S. Operations Before Provision for Profit Sharing and Bonuses	\$ (765,608,370)			
Navistar International Corporation (NIC, Holding Company)	(60,548,543)	Yes		5.2.1, 5.2.4
Minority Interest	(44,054,058)			
Pre-Tax Income (Loss) of Navistar, Inc. Continuing U.S. Operations Before Provision for Profit Sharing and Bonuses and Adjustments	\$ (870,210,971) e			
Entities not part of UAW calculation (a)				
Entities not part of UAW including Foreign locations	\$ 1,106,889,879			5.5.1, 5.2.4, 5.5.3, 5.1
Foreign locations not part of ST calculation	\$ (127,088,879)			5.5.2, 5.5.3, 3.1
Provision for Taxes in ST entities	(323,659,908)			
Net Income of Entities not part of UAW Calculations	\$ 656,141,092 d		Yes	
Profits (Losses) Eligible for Profit Sharing before Adjustments	\$ (214,069,879) e+d=e			
Adjustments				
Net Income Navistar Financial Corporation (NFC)	68,570,249 f		Yes	5.3
Medicare Act	(17,236,000) g	No		Various
(Gain) / Loss on Disposal of Assets	(5,292,313) h	No		
Profits (Losses) Eligible for Profit Sharing	\$ (168,027,943) e+f+g+h=y			
Addbacks to reconcile to Annual Report				
Taxes on NFC	\$ 36,067,114			
Foreign locations not part of ST calculation	\$ 127,088,879			
Taxes on UAW Non-Profit Sharing entities	323,659,908			
Medicare Act	17,236,000			
(Gain) / Loss on Disposal of Assets	5,292,313			
Non-consolidated Income	(32,569,554)			
Minority Interest	44,054,058			
Profit Sharing and Bonus Payment Accruals (PS/ST/AT)	(63,065,048)			
Total	\$ 457,763,671 z			
Pre-Tax Income including Minority Interest	\$ 289,735,728 y+x=f			
Income Tax (Expense)/Credit	(23,047,703)			
Minority Interest	(43,638,530)			
Net Income (Loss) from Continuing Operations	\$ 223,029,495			

Reconciliation to audited financial statements (in millions):	
Income (loss) from before income taxes	\$ 290
Income tax (expense)	(23)
Net income (loss)	267
Less: Net income attributable to non-controlling interest	(44)
Net income (loss) attributable to Navistar International Corporation	\$ 223

(a) Audited Industries:

Armada/Arma Financiera Navistar, S.A. de C.V., SOFOM (APN) merged into Navistar Financiera, S.A. de C.V., SOFOM ENR, in fiscal 2008;

MWM International Industria de Motores da America do Sul Ltda. (Brazil and includes ICMB/SA/Maxion);

Navistar Canada, Inc. (name changed from International Truck and Engine Company of Canada in fiscal 2008);

Navistar International Transportation de Colombia, Ltda. (dissolved fiscal 2010);

International Dealers Operations, Ltd. (including Masada International Parts and Services of Daytona Beach, LLC);

Harber Assurance Company of Denapaga, Ltd.;

Heart International;

IC Corp - Tulsa (aka IC Bar of Oklahoma, LLC);

Navistar Diesel of Alabama, LLC (name changed from International Diesel of Alabama, LLC in fiscal 2008);

International Engines Germany GmbH;

International Truck and Engine Investments Corporation;

International of Mexico Holding Company;

Navistar Diesel Components, Inc. (Dissolved fiscal 2009);

Navistar Acceptance Corporation, Ltd. (NAC);

Navistar Aftermarket Products, Inc. (NAVAP/IRP);

Navistar Advanced Technologies Incorporated (NAT);

Navistar Commercial, S.A. de C.V.;

New Atlanta Enterprises, LLC;

NLP, Inc.;

Servicios Financieros Navistar, S.A. de C.V. (SFIN) name changed to Navistar Financiera, S.A. de C.V., SOFOM ENR, in fiscal 2008;

SST Truck Company, LLC;

Workhorse International Holding Company;

Epinne Parts, LLC;

Navistar International Employee Leasing Company (name changed from IIE Employee Leasing in fiscal 2008);

Navistar Defense, LLC;

Minaco RV, LLC;

Blue Diamond Parts

* Continental Manufacturing Co

* Navistar Motor Vehicle Alliance (NMFVA)

* PowerTech Technologies, LLC - Engine

* Navistar Korea Limited

* Navistar Hong Kong Ltd Co

* Navistar (Shanghai) Trading Co Ltd - China - Truck

* New for 2010



NAVISTAR, INC.

**Schedule of Calculation of Qualifying Profits under the terms of the
Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc.
Retiree Supplemental Benefit Program**

Year ended October 31, 2010

(With Independent Auditors' Report Thereon)



KPMG LLP
303 East Wacker Drive
Chicago, IL 60601-5212

Independent Auditors' Report

The Board of Directors
Navistar, Inc.:

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In our opinion, the Schedule referred to above presents fairly, in all material respects, the calculation of Qualifying Profits for the year ended October 31, 2010, in accordance with the provisions of the Plan referred to above.

This report is intended solely for the information and use of the board of directors and management of Navistar, Inc. and persons subject to the Agreement and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Chicago, Illinois
March 22, 2011

NAVISTAR, INC.Schedule of Calculation of Qualifying Profits under the terms of the
Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc.
Retiree Supplemental Benefit Program

Year ended October 31, 2010

(Dollars in Thousands)

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Exclude net gains on sales of property and investments		(5,292)
Qualifying profits for the year ended October 31, 2010	\$	<u>(168,028)</u>

See accompanying independent auditors' report.

See accompanying Note to Schedule of Calculation of Qualifying Profits under the terms of the Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc. Retiree Supplemental Benefit Program.

NAVISTAR, INC.

**Note to Schedule of Calculation of Qualifying Profits under the terms of the
Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc.
Retiree Supplemental Benefit Program**

Year ended October 31, 2010

1. The Supplemental Benefit Trust Profit Sharing Plan forms part of the Navistar, Inc. Retiree Supplemental Benefit Program, which forms part of the Amended and Restated Shy Settlement Agreement dated June 30, 1993.



FRANCZEK RADELET

Attorneys and Counselors

300 South Wacker Drive | Suite 3400 | Chicago, IL 60606
Phone 312.986.0300 | Fax 312.986.9192 | franczek.com

DAVID P. RADELET

312.786.6190

dpr@franczek.com

RECEIVED BY

JUN 10 2009

GROOM LAW GROUP

June 9, 2009

VIA OVERNIGHT DELIVERY

Thomas S. Gigot, Esq.
Groom Law Group
1701 Pennsylvania Avenue, N.W.
Washington, D.C. 20006-5811

**Re: Navistar, Inc. Supplemental Benefit Trust Profit Sharing Plan:
2004 Profit Sharing Dispute**

Dear Mr. Gigot:

The independent auditors for Navistar, Inc. (formerly International Truck and Engine Corporation) recently completed their audit of the Supplemental Benefit Trust Profit Sharing Plan under the Navistar, Inc. Retiree Supplemental Benefit Program (the "Plan") for the fiscal years ending October 31, 2004, October 31, 2005, and October 31, 2006.

With regard to the above-captioned dispute, I have enclosed herein a copy of the Schedule of Calculation of Qualifying Profits under the terms of the Plan, including the Independent Auditor's Report relating to that Schedule (herein collectively the "Schedule"), for fiscal year 2004 (Restated). For your convenience, I have also enclosed herein a copy of the Schedule for fiscal years 2005 and 2006, although those reports do not relate to the above-captioned dispute. Please designate these documents and the information contained therein as "Confidential" for purposes of the Confidentiality Agreement entered between the parties for this matter dated January 30, 2006. Schedules for subsequent fiscal years have not been completed by the auditors as of this writing.

As you will see, Qualifying Profits for all three of these fiscal years were negative. Accordingly, no profit sharing contribution is due for these three fiscal years. This renders moot the dispute between the parties regarding the impact of the Medicare Part D subsidy on the calculation of the profit sharing contribution for fiscal year 2004.

Please note that the Schedule for the fiscal year ending October 31, 2004 ("FY04") is based upon a restatement of the audited financials previously issued for that fiscal year. As you know, the original FY04 auditor's report resulted in a profit sharing contribution for that fiscal year by Navistar to the Supplemental Benefit Trust in the amount of \$1,409,000. This payment



FRANCZEK RADELET

Attorneys and Counselors

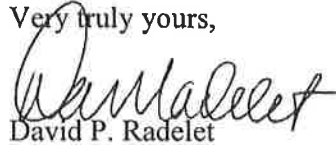
Thomas S. Gigot

June 9, 2009

Page 2

was made in February of 2005. The attached restatement for FY04 now establishes that no profit sharing contribution was due for that fiscal year. Accordingly, Navistar will offset future profit sharing contribution obligations imposed under the terms of the Plan, if any, against the amount contributed for FY04 until fully satisfied.

Very truly yours,



David P. Radelet

DPR:mfc
Enclosures



FRANCZEK RADELET

Attorneys and Counselors

300 South Wacker Drive | Suite 3400 | Chicago, IL 60606
Phone 312.986.0300 | Fax 312.986.9192 | franczek.com

DAVID P. RADELET
312.786.6190
dpr@franczek.com

August 3, 2009

VIA ELECTRONIC MAIL AND REGULAR MAIL

Thomas S. Gigot, Esq.
Groom Law Group
1701 Pennsylvania Avenue, N.W.
Washington, D.C. 20006-5811

Re: Navistar, Inc. Supplemental Benefit Trust Profit Sharing Plan – Profit Sharing Contributions

Dear Mr. Gigot:

We have received your letter dated July 2, 2009 raising issues relating to the Navistar, Inc. Supplemental Benefit Trust Profit Sharing Plan (“the Plan”), and the audited financial reports for the Plan’s Schedule of Calculation of Qualifying Profits for FY2004, FY2005 and FY2006 that we forwarded to you on June 9.

In response to your letter, and on behalf of Navistar, Inc. (“Navistar”), please be advised that Navistar maintains its position that the Medicare Part D subsidy should be excluded from the calculation of Qualifying Profits under the Plan, for all of the reasons that have been previously communicated. That said, it is also apparent that this issue does not have “an immediate and tangible impact” on the required profit sharing contribution for FY2006, as you state in your letter. In fact, it has no impact whatsoever.

This conclusion is confirmed by the additional information requested in your letter regarding “Qualifying Hours” for FY2006. In response to your request, please be advised that the number of Qualifying Hours for FY2006 was 16,998,412. Under the terms of the Plan, this means that Qualifying Profits must have exceeded \$51M in FY2006 to trigger a profit sharing payment for that fiscal year (16,998,412 Qualifying Hours x \$3.00 = \$51M; See Sections 7.2 and 7.3 of the Plan). Thus, even if the amount of the Medicare Part D subsidy was included in Qualifying Profits for FY2006, the resulting amount of Qualifying Profits (using your figure of \$11M) is still far short of the level required to trigger a profit sharing payment for that fiscal year.

Given the circumstances, we must at this time respectfully decline your request that the parties initiate the dispute resolution procedures in the Plan, as the dispute you identify has no

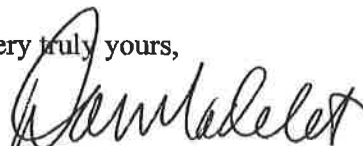


FRANCZEK RADELET
Attorneys and Counselors

Thomas S. Gigot, Esq.
August 3, 2009
Page 2

impact whatsoever on the profit sharing payments due under the Plan. Navistar will agree, however, that this issue has been timely raised by the Supplemental Trust Committee in the event the dispute becomes material in any future year.

Very truly yours,



David P. Radelet

DPR:mfc